



# NRC NEWS

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**“Meeting Our Mission in Challenging Times”**

**Prepared Remarks for**

**The Honorable Gregory B. Jaczko**

**Chairman**

**U.S. Nuclear Regulatory Commission**

**at the**

**NRC Regulatory Information Conference**

**Rockville, MD**

**March 8, 2011**

Good morning. Welcome to the 23<sup>rd</sup> Annual Regulatory Information Conference (RIC). It is a tremendous honor to address the RIC for the seventh time. On behalf of the agency, I would like to thank Eric Leeds, Brian Sheron, and their staffs in the Office of Nuclear Reactor Regulation and the Office of Nuclear Regulatory Research for making this event possible. As this crowded conference room attests, there are few other events that bring together such a large number and diverse range of NRC stakeholders. The RIC is an invaluable forum for us to share information and exchange views about recent developments and emerging issues central to nuclear safety and security.

None of this would be possible without the hard work of the NRC staff. At a time when the work of the federal government and federal employees is under tremendous scrutiny, there is no doubt in my mind of the dedication and professionalism of the women and men who work at the NRC. Whether here in Rockville, in one of the regions, at the technical training center, or in a telecommute location – whether a technical reviewer, inspector, manager, administrative professional or one of the many other disciplines that make up our staff – those federal employees work each day to protect public health and safety and the environment.

Their hard work and dedication are a continual inspiration to me. And the way they go about their work is a reminder to me that safety is something that we can all agree on.

For the first time since 2007, we open the RIC with a Commission operating at full strength. I am grateful to all of my colleagues for the experience and expertise they have brought to our discussions, as well as the initiative and leadership they have shown throughout their time on the Commission.

My longest-serving colleague, Commissioner Svinicki, continues her valuable contributions to the Commission. She continues to keep us focused on difficult policy issues, exemplified by her efforts associated with decommissioning funding. The agency has benefited greatly from Commissioner Apostolakis's top-notch academic expertise, ACRS experience, and strong interest in risk issues to tackle important policy questions, especially with regard to small modular reactors (SMRs). Commissioner Ostendorff's broad background – including stints with the nuclear Navy, the House Armed Services Committee, and the National Nuclear Security Administration – have contributed to the spirited and productive debates that are key to making sound policy. His fresh perspective has helped the Commission see a clearer path forward on cybersecurity. And no one brings more extensive experience with the Department of Energy (DOE) than Commissioner Magwood, who has drawn on his extensive knowledge of the nuclear field to advance our regulatory mission. Over the past year, he has worked to enhance and expand our dialogue with public stakeholders. Without their efforts and the staff's hard work, I can assure you the agency would not have been able to make the tremendous progress it has over the past year.

Before I embark on a review of the past year's accomplishments for the agency and a look at the work ahead, I want to highlight priority number one at the NRC – the safety and security of the existing reactor fleet and nuclear materials. As I have mentioned in many speeches throughout the year, we cannot allow complacency to take root in our regulatory culture. Whether through the Institute for Nuclear Power Operations' (INPO) efforts, licensee initiatives, or agency diligence, *safety must be the number one priority*. This past year has been a challenging time, however. In 2010, we saw an increase in the number of automatic scrams for a second consecutive year, and at the end of the year, six plants still remain in Column 3 of the ROP Action Matrix.

We also have seen challenges with human performance and material degradation – incidents that have been more significant than have been seen in some time. For example, one of the most significant inspection findings last year identified fire protection, safety culture, and poor operator performance as major contributors to a significant plant event. Recent events serve as a vivid reminder to the industry and to the agency that we have not encountered all the different types of equipment failures and human performance deficiencies that can undermine safety.

This is by no means the first time we have identified these types of issues. Dialogue and discussion, however, continue to be paramount if we are to tackle those issues in a prompt manner. I want to note the work of Adm. Ellis and INPO in leading the industry's own efforts to highlight and address many of the same issues we have seen over the past year.

At last year's conference, I highlighted several areas of unfinished business. One year later the agency has made significant progress on a number of these items. This effort has been accomplished through increased interactions with stakeholders from academics, to public interest groups, to vendors, to licensees, to Congress, and the States. I would like to highlight just a few of these successes.

As some of you may recall, at last year's RIC, the unfinished business of the Waste Confidence revision was a prominent topic. I am pleased to report that the Commission has since finalized this rule, providing a measure of certainty in an important and high-visibility area. We believe the Waste Confidence Rule has a solid legal foundation that is clearly explained in the Commission's decision and is in full accord with earlier court decisions interpreting the Commission's obligations under NEPA.

In addition to this important rulemaking, the NRC also took steps towards closing out long-standing safety issues like fire protection and the containment sump issue known as GSI-191. At the same time, we also proceeded with a number of new reactor issues, including moving to public comment the ABWR and AP1000 design certification amendments, as well as significant progress on the ESBWR design certification, ITAAC maintenance, and new reactor risk metrics. Whether ensuring that the right testing is performed to determine the in-vessel effects of debris generation in a loss-of-coolant accident, or the appropriate ductility requirements were satisfied for the shield building, the work in this area has been done with the focus first and foremost on safety.

Additionally, the staff did impressive work in leading the interagency Radiation Source Protection and Security Task Force. The Task Force's 2010 Report to the President and Congress outlined the steps taken since 2006 to enhance source security and provided recommendations on how to make additional progress in this area. The agency also completed a comprehensive revision of its Enforcement Policy, one of the agency's key tools for ensuring compliance with our safety regulations. Staff also made substantial progress in evaluating our Alternative Dispute Resolution enforcement program and initiating enhancements that will ensure that we use it judiciously, consistently, and as openly as possible. And, in keeping with our historic commitment to openness and transparency, the NRC also moved forward with implementing the President's Open Government Directive.

These types of efforts will ensure that the NRC remains an effective safety regulator and that our nation's nuclear safety record remains strong. We are pleased that the international community recognizes the fine work done by the NRC. During the last year, an Integrated Regulatory Review Service (IRRS) mission was completed at the NRC. This is the first time the NRC has completed such a mission, and I believe it provided a tremendous exchange of best regulatory practices.

In addition, with Bill Borchardt and Adm. Ellis, I look forward to continuing this discussion as we present our National Report at the Fifth Review Meeting of the Convention on Nuclear Safety (CNS) next month. Our National Report will communicate a very positive message about the state of nuclear safety in the United States, including the central role that our licensees have played in building our strong safety record. I want to thank all of the staff who contributed both to the IRRS review and to our National Report to the CNS.

We should be proud of our strong track record and its recognition by the international community. It's important, however, that we not rest upon our past successes but rather strengthen our commitment to continuous improvement. That has long been a defining value of the NRC and a key to our success in meeting our important safety mission. We have a responsibility to the public to always try to do better – whether by planning, prioritizing and communicating better to allow for more timely implementation of agency actions by licensees, or speaking in simpler language to allow more stakeholder participation in agency decisions.

At this point, it's likely news to no one that significant budget reductions are being contemplated across the federal government. The NRC's leadership team has been reaching out to members of the Senate, the House of Representatives, and the Administration to make sure everyone knows about the important work the NRC does every day to protect public health and safety. No matter the outcomes of these budget decisions, the agency must continue focusing on the critical task of how to make the most efficient use of our funds. By aiming to do more with less, the NRC will ensure that it is in the strongest possible position to efficiently and effectively meet our mission regardless of whether our budget increases, decreases, or remains flat in the years to come. But I want to emphasize that tough choices will have to be made, because if everything is a high priority then nothing is.

In this area, as in many others, good process is the key to good outcomes. In accordance with the Government Performance and Results Modernization Act, the NRC is taking steps to improve our strategic planning and annual performance plans in order to achieve greater alignment of goals and performance across the agency. As part of the NRC's efforts to build a Strategic Acquisition Program, we are also taking steps to ensure agency contracting initiatives are implemented in a more timely and efficient manner. And, through an internal task force known as Transforming Assets into Business Solutions – the NRC aims to prepare our workforce for the 21<sup>st</sup> century by implementing innovative business practices. In order to conduct our work as openly and transparently as possible, the agency also has significantly improved our public website and the ADAMS recordkeeping system.

Although many of these initiatives will present considerable management challenges for the agency, I am confident the NRC's leadership team is up to the task. I believe these efforts will be enhanced by our investments in our physical infrastructure, which will improve communication and coordination throughout the agency. As those of you here at headquarters have seen with the construction of Three White Flint North, we are making visible, concrete progress.

Even as we reinvest in our infrastructure and strengthen our management practices, our ability to tackle new regulatory challenges depends on our ability to close out long-standing safety issues. That's a term we hear often around the NRC – achieving closure. And nowhere has this chorus been louder than on fire protection and GSI-191. These issues have been before the agency for quite some time – the ACRS even referred to the process of closing out GSI-191 as a “Herculean task.” As those who follow these issues closely know, the agency and industry's efforts historically have not proceeded as quickly as I would have liked. Over the past few months, however, we have taken some meaningful steps towards resolving these two important issues.

On the fire protection front, the Shearon Harris and Oconee power plants became the first two licensees to successfully transition to the risk-informed approach, known as NFPA 805, since the Commission adopted this policy in 2004. By demonstrating that the process works, the Shearon Harris and Oconee pilots mark an important milestone in our efforts to enhance fire safety. But seven years is too long.

The licensees of the other 44 reactors that have opted for this approach should promptly submit their applications, and the agency must assign adequate resources to review those applications in a timely fashion. In the next few weeks the Commission will be examining an approach to process these applications in the most timely manner and that I believe should focus first on the plants with the most enhancements to safety.

On GSI-191, the Commission has also determined the necessary next steps for resolving this issue after thoroughly examining this important policy question in two separate meetings. Given its significance, I believe it was critical for the Commission to speak directly on this issue and clarify its position on how the agency should move forward. I've heard some frustration about the Commission's directions. Some may feel that in disapproving staff plans to issue 50.54(f) enforcement letters, we've pulled the football away just as they're about to kick it – as Lucy did to Charlie Brown so many times. I would encourage everyone, however, to focus on the bigger picture – that the Commission has now endorsed a path for closing out this issue that includes timetables for licensees to identify, research, and address the potential risks.

Having served on the Commission for more than six years now, I know all too well that closure plans have a way of reopening at times. I challenge all of you in this room to not only follow the closure plan but exceed it. We simply have no more excuses for not resolving the technical issues associated with GSI-191. Unlike Lucy, who kept pulling the football away from Charlie Brown, we simply cannot keep replaying this issue.

By definitively resolving these issues, we will be in an even stronger position to move forward on other existing priorities and proactively plan for emerging issues. I have focused on two issues I believe are important – fire protection and GSI-191. There are others, however – submerged cables, updated seismic hazards, and spent fuel pool criticality – to name just a few. These are the type of issues we need to focus on today in order to ensure that they do not become the long-standing issues of tomorrow.

Over the last thirty years, our understanding of the safety implications of these issues has improved substantially because of the development of probabilistic risk assessments (PRAs). But even today, we are still not in the position to fully harness the full potential of these risk tools. Significant work was required to support the NFPA 805 applications, and only recently has a licensee begun developing a risk-informed licensing approach for resolving GSI-191. We need to get ahead of the curve, however, and have these tools fully developed and available for a broad range of applications. That is why I am calling on the industry within the next 5 years to have the infrastructure in place for a comprehensive level 3 PRA at every site, so we can address these issues in a manner that is commensurate with their importance to safety.

While the agency staff continues their focus on the safety and security of the existing fleet, much of the Commission's focus and effort in the coming year will be centered around the

policy issues associated with the infrastructure and decision-making related to new reactor activity and a possible new direction for spent fuel management for the nation. 2011 is going to be a year of many important milestones in these efforts.

One of the regulatory areas in which we have seen the most dramatic developments in recent years concerns the heightened interest in new reactors. Due to the staff's hard work and the applicants' responsiveness, I can report significant progress over the past year on both design certification and COL applications. In fact, as early as this summer, the Commission may take final action on the AP1000, ABWR, and ESBWR design certification rules and conduct the first mandatory hearing on a new reactor license since the 1970s.

This will mark the first time that the Commission, rather than the licensing boards, conducts the mandatory hearings required by the Atomic Energy Act. To ensure that we conduct open, fair, and efficient hearings, the Commission has been working to develop procedures that will focus our attention on the most safety-significant issues. Our goal is to serve as an effective check on the staff's work without needlessly replicating what they have done. As I'm told an application makes a full A-to-Z set of encyclopedias – for those of you who remember encyclopedias – look like a summer beach read, conducting the mandatory hearings will require both clearly defined procedures and discipline on the part of my colleagues and myself. Even as we approach the finish line on a decision related to a first new reactor COL, we have a number of other emerging issues that may significantly alter our regulatory landscape.

Among the most dynamic and rapidly evolving areas is the development of small modular reactors. Just a few years ago, these projects remained largely conceptual – the province of PowerPoint presentations and conference panels. Today, they have advanced to the point that the agency anticipates receiving the first SMR design certification application as early as next year. Work is already underway to resolve important technical, licensing, and policy issues related to SMRs. The agency already has plans to publish a future proposed rulemaking establishing a variable annual fee structure for small and medium-sized reactors. Additionally, the Commission will be exploring policy options over the coming year for issues such as offsite emergency preparedness, decommissioning funding, control room staffing, and the license structure for multi-module facilities. At the Commission's direction, the staff has also undertaken a broader review of the licensing process to develop risk-informed approaches for reviewing SMR applications.

I remind everyone that in this process we must establish priorities and determine which of these initiatives, first and foremost, affect safety. For instance, modifications to our emergency preparedness regulations will necessarily involve extensive interaction with federal, state and local governments, stakeholder groups and licensees. This will take time and may be difficult, and may take away resources from completing other policy changes that have a more clearly defined safety impact. I would remind everyone that I still believe the best approach to dealing with emergency preparedness is to accelerate and enhance our efforts to develop a truly performance-based, risk-informed emergency preparedness infrastructure – as endorsed by the Commission in 2007.

In considering potential rule changes in this area and others, the agency has to ensure that we make the best use of the considerable time and resources we dedicate to these efforts.

Although rulemaking is an important agency responsibility, we expect our licensees and stakeholders to actively participate and contribute meaningfully to the process. If that happens, the agency will be in the best possible position to weigh diverse stakeholder views, work through possible concerns, and definitively resolve policy questions. As we have seen most recently with the Part 26 fatigue rule, there has been a tendency to revisit rules and reargue issues once thought resolved in our rulemaking. Of course, if there is new information and there are newly discovered ways to enhance a rule's effectiveness, the agency's rulemaking procedures provide ample flexibility to make adjustments. In this instance, I believe that licensees have demonstrated that there is a more effective way to achieve the rule's goal than the current minimum days off requirement.

I believe it's important, however, that we implement the proposed alternative through an expedited, limited-scope rulemaking. I hope everyone views this as an opportunity to demonstrate that we can – despite a near-universal belief that we cannot – conduct a targeted rulemaking with a clearly defined technical basis and clearly established safety need in a few months or less. Let me be clear, I am not proposing a direct final rulemaking. Rather, I believe we can conduct this focused rulemaking in an accelerated manner and include the necessary rulemaking aspects, such as a notice and public comment period. That will enable us to make the needed changes to Part 26 through the type of open and transparent rulemaking that is a hallmark of our agency.

Demonstrating that we can conduct this type of expedited rulemaking will be a strong signal to the public that we are up to the challenge of addressing the significant policy issues ahead of us. One such issue concerns our approach towards regulating interim and extended spent fuel storage. As part of its Waste Confidence decision, the Commission initiated a comprehensive review of this regulatory framework. This multi-year effort will (1) identify near-term regulatory improvements to current licensing, inspection, and enforcement programs; (2) enhance the technical and regulatory basis for extended storage and transportation; and (3) identify long-term policy changes needed to ensure safe extended storage and transportation. As the question of permanent disposal is for others to decide, the Commission was clear that it was neither assuming nor endorsing indefinite, onsite storage by ordering these actions.

We all know that issues related to Yucca Mountain have garnered considerable attention in recent months. Right now, the agency is on path to close out the Yucca Mountain application by the end of this year. By thoroughly documenting the staff's technical review and preserving it as appropriate for publication and public use, the agency will be able to respond to direction from the Congress or the courts. I believe it's important the agency not allow these issues to distract us from our important safety and security responsibilities regarding short-term spent fuel management. By initiating the review of this regulatory framework, I believe the Commission has demonstrated its commitment to making sure we stay focused on those issues.

As I hope my remarks have made clear, the NRC has had a very productive past year, and it certainly has a packed agenda for the year ahead. There will be significant technical and policy decisions that the agency will have to work through. I'm sure these issues, as others in the past have, will elicit a broad range of views, both inside and outside the agency. That type of debate is healthy and productive, and helps to ensure that we reach the best decisions for nuclear safety. In the midst of these debates, it's important, however, that we not lose sight of the common

ground we do share and of our ability to bridge whatever differences there are through our shared commitment to safety.

The development of the Safety Culture Policy Statement in recent years is a testament to that common ground and the strength of that shared commitment to safety. I can tell you personally that when the Commission initiated the process to develop this Policy Statement more than three years ago, I never anticipated the consensus we would achieve. At the time, many people thought that there were too many stakeholders, with too many different perspectives, to allow for any meaningful agreement or progress. Even as optimistic as I was about this initiative, I did not anticipate the broad spectrum of stakeholders – from our licensees to some of their strongest critics – that today actively support the Policy Statement.

I believe that is a tremendous accomplishment. In my early years on the Commission, I often spoke of the importance of building public confidence in the agency and its decisions, even if we did not expect public agreement or acceptance as a matter of course. The process of developing the Safety Culture Policy Statement has demonstrated that we can go beyond public confidence and gain public acceptance even on a highly controversial issue like safety culture. It demonstrates that it's possible, *if* we go about our work in the right way – by proactively engaging the public and our stakeholders at an early stage, and by involving them in a way that gives them a sense of ownership over the process and its ultimate decisions.

Whatever substantive changes result from the Policy Statement, I believe it will remain an enduring symbol of our shared commitment to nuclear safety and an example of how the NRC can draw strength from that shared spirit to bridge differences and build consensus in order to enhance safety.

Thank you.

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